



ŽELEZNIČNÁ SPOLOČNOSŤ SLOVENSKO
NÁRODNÝ DOPRAVCA

ANNUAL REPORT | 2018



Annual Report of Železničná spoločnosť Slovensko, a.s. for 2018

Bratislava, 15 April 2019

For and on behalf of the Company: **Mgr. Filip Hlubocký**

Chairman of the Board of Directors
of Železničná spoločnosť Slovensko, a.s.

Ing. Karol Martinček

Vice Chairman of the Board of Directors
of Železničná spoločnosť Slovensko, a.s.



DODATOK SPRÁVY NEZÁVISLÉHO AUDÍTORA

**Pre akcionárov, dozornú radu a predstavenstvo spoločnosti
Železničná spoločnosť Slovensko, a.s. Bratislava**

k výročnej správe

v zmysle § 27 odsek 6 zákona č. 423/2015 Z.z. o štatutárnom audite a o zmene a doplnení zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov (ďalej len „zákon o štatutárnom audite“).

Overili sme účtovnú závierku spoločnosti Železničná spoločnosť Slovensko, a.s. so sídlom v Bratislave, IČO: 35 914 939, (ďalej aj „Spoločnosť“) k 31. decembru 2018, uvedenú v priloženej výročnej správe Spoločnosti, ku ktorej sme dňa 28. februára 2019 vydali správu nezávislého audítora z auditu účtovnej závierky v nasledujúcom znení:

Správa z auditu účtovnej závierky

Názor

Uskutočnili sme audit priloženej individuálnej účtovnej závierky spoločnosti Železničná spoločnosť Slovensko, a.s. so sídlom v Bratislave, IČO: 35 914 939, ktorá obsahuje výkaz finančnej pozície k 31. decembru 2018, výkaz komplexného výsledku, výkaz zmien vo vlastnom imaní, výkaz peňažných tokov za rok končiaci k uvedenému dátumu, a poznámky k účtovnej závierke, ktoré obsahujú súhrn významných účtovných zásad a účtovných metód a ďalšie vysvetľujúce informácie.

Podľa nášho názoru priložená účtovná závierka poskytuje pravdivý a verný obraz finančnej situácie spoločnosti Železničná spoločnosť Slovensko, a.s. k 31. decembru 2018 a výsledku jej hospodárenia za rok končiaci k uvedenému dátumu v súlade s Medzinárodnými štandardami pre finančné výkazníctvo v znení prijatom Európskou úniou.

Základ pre názor

Audit sme vykonali podľa medzinárodných audítorských štandardov (International Standards on Auditing - ISA). Naša zodpovednosť podľa týchto štandardov je uvedená v odseku Zodpovednosť audítora za audit účtovnej závierky. Od Spoločnosti sme nezávislí podľa ustanovení zákona č. 423/2015 Z. z. o štatutárnom audite a o zmene a doplnení zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov (ďalej len „zákon o štatutárnom audite“) týkajúcich sa etiky, vrátane Etického kódexu audítora, relevantných pre náš audit účtovnej závierky a splnili sme aj ostatné požiadavky týchto ustanovení týkajúcich sa etiky. Sme presvedčení, že auditorské dôkazy, ktoré sme získali, poskytujú dostatočný a vhodný základ pre náš názor.

Zdôraznenie niektorých skutočností

1. Ako je uvedené v Poznámke č. 22 priloženej účtovnej závierky, na základe Protokolu o vyhodnotení plnenia Zmluvy o dopravných službách vo verejnom záujme za rok 2017 zo dňa 7.8.2018 bola zo strany Ministerstva dopravy a výstavby uznaná pohľadávka ZSSK za úhradu strát roku 2017, splatná 31.12.2019, ktorá je zaúčtovaná vo výnosoch roku 2018 vo výške 38 129 tis. EUR. Na základe vzájomného odsúhlasenia vzťahov medzi Ministerstvom dopravy a výstavby SR a ZSSK bol v roku 2018 Ministerstvom dopravy a výstavby SR odsúhlasený dohad na neuhradenú stratu za výkony vo verejnom záujme za rok 2018, ktorý je zaúčtovaný vo výnosoch roku 2018 vo výške 37 370 tis. EUR. Doúčtovanie výnosov podľa skutočností bude vykonané v I. polroku 2019.
2. Ako je uvedené v Poznámke č.2.3. a č.15 priloženej účtovnej závierky, Spoločnosť má dlhodobý hmotný majetok, ku ktorému boli v súlade s IAS 37 vytvorené v minulých účtovných obdobiach rezervy na

environmentálne záťaž. K 31.12.2018 bola výška rezervy posúdená a je vo výške 364 tis. EUR na základe zostávajúcich povinností ekologického charakteru, ktoré vyplývajú Spoločnosti v zmysle platnej legislatívy SR. Spoločnosť uskutočňuje odhady budúcich peňažných tokov, súvisiacich s environmentálnymi záväzkami pomocou porovnávania cien, použitím analógií s podobnými aktivitami v minulosti a inými odhadmi. Výška rezervy a predpoklady, na základe ktorých bola daná rezerva vypočítaná, sa prehodnocujú na ročnej báze vždy k súvahovému dňu. Hoci tieto odhady sú založené na najlepšom poznaní aktuálnych udalostí a postupov, skutočné výsledky sa môžu od týchto odhadov líšiť.

3. Ako je uvedené v Poznámke č.2.3 a č.15 priloženej účtovnej závierky, Spoločnosť vykazuje rezervy na súdne spory týkajúce sa viacerých právnych nárokov. Najvýznamnejšia rezerva k 31.12. 2018 vo výške 16,7 mil. EUR je vzhľadom na neistý výsledok na pasívny obchodno-právny spor s navrhovateľom so spoločnosťou LANCILLON LIMITED vo veci náhrady ušlého zisku z dôvodu zmarenia rekonštrukcie ŽKV. Rozdiel v celkovej výške požadovanej náhrady Spoločnosť naďalej vykazuje ako podmienený záväzok. Ako je uvedené v Poznámke č.16 b) priloženej účtovnej závierky (Podmienené záväzky), voči Spoločnosti je v tejto veci vedený súdny spor o náhradu škody vo výške 51 752 tis. EUR s príslušenstvom. Manažment Spoločnosti na základe vypracovanej právnej analýzy predpokladá, že žaloba je neodôvodnená, pretože dodávateľ (navrhovateľ) nedodržiava zmluvné povinnosti z jednotlivých zmlúv. Rozsudkom zo dňa 16.4.2018 Okresný súd Bratislava III žalobu zamietol v celom rozsahu. Rozsudok nie je právoplatný. Hoci tieto odhady sú založené na najlepšom poznaní aktuálnych udalostí a postupov, skutočné výsledky sa môžu od týchto odhadov líšiť. Spoločnosť využíva služby aj externých právnych poradcov a skúsenosti z podobných predchádzajúcich súdnych konaní na určenie pravdepodobných výsledkov sporov a potreby tvorby rezervy.

Zodpovednosť štatutárneho orgánu za účtovnú závierku

Štatutárny orgán účtovnej jednotky Železničná spoločnosť Slovensko, a.s. je zodpovedný za zostavenie tejto účtovnej závierky tak, aby poskytovala pravdivý a verný obraz podľa zákona o účtovníctve a za tie interné kontroly, ktoré považuje za potrebné na zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby.

Pri zostavovaní účtovnej závierky je štatutárny orgán zodpovedný za zhodnotenie schopnosti Spoločnosti nepretržite pokračovať vo svojej činnosti, za opísanie skutočností týkajúcich sa nepretržitého pokračovania v činnosti, ak je to potrebné, a za použitie predpokladu nepretržitého pokračovania v činnosti v účtovníctve, ibaže by mal v úmysle Spoločnosť zlikvidovať alebo ukončiť jej činnosť, alebo by nemal inú realistickú možnosť než tak urobiť.

Zodpovednosť audítora za audit účtovnej závierky

Našou zodpovednosťou je získať primerané uistenie, či účtovná závierka ako celok neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby, a vydať správu audítora, vrátane názoru. Primerané uistenie je uistenie vysokého stupňa, ale nie je zárukou toho, že audit vykonaný podľa medzinárodných audítorských štandardov vždy odhalí významné nesprávnosti, ak také existujú. Nesprávnosti môžu vzniknúť v dôsledku podvodu alebo chyby a za významné sa považujú vtedy, ak by sa dalo odôvodnene očakávať, že jednotlivito alebo v súhrne by mohli ovplyvniť ekonomické rozhodnutia používateľov, uskutočnené na základe tejto účtovnej závierky.

V rámci auditu uskutočneného podľa medzinárodných audítorských štandardov, počas celého auditu uplatňujeme odborný úsudok a zachovávame profesionálny skepticizmus. Okrem toho:

- Identifikujeme a posudzujeme riziká významnej nesprávnosti účtovnej závierky, či už v dôsledku podvodu alebo chyby, navrhujeme a uskutočňujeme audítorské postupy reagujúce na tieto riziká a získavame audítorské dôkazy, ktoré sú dostatočné a vhodné na poskytnutie základu pre náš názor. Riziko neodhalenia významnej nesprávnosti v dôsledku podvodu je vyššie ako toto riziko v dôsledku chyby, pretože podvod môže zahŕňať tajnú dohodu, falšovanie, úmyselné vynechanie, nepravdivé vyhlásenie alebo obídenie internej kontroly.
- Oboznamujeme sa s internými kontrolami relevantnými pre audit, aby sme mohli navrhnúť audítorské postupy vhodné za daných okolností, ale nie za účelom vyjadrenia názoru na efektívnosť interných kontrol Spoločnosti.
- Hodnotíme vhodnosť použitých účtovných zásad a účtovných metód a primeranosť účtovných odhadov a uvedenie s nimi súvisiacich informácií, uskutočnené štatutárnym orgánom.
- Robíme záver o tom, či štatutárny orgán vhodne v účtovníctve používa predpoklad nepretržitého pokračovania v činnosti a na základe získaných audítorských dôkazov záver o tom, či existuje významná neistota v súvislosti s udalosťami alebo okolnosťami, ktoré by mohli významne spochybniť schopnosť Spoločnosti nepretržite pokračovať v činnosti. Ak dospejeme k záveru, že významná neistota existuje, sme povinní upozorniť v našej správe audítora na súvisiace informácie uvedené v účtovnej závierke alebo, ak sú tieto informácie nedostatočné, modifikovať náš názor. Naše závery vychádzajú z audítorských dôkazov získaných do dátumu

vydania našej správy audítora. Budúce udalosti alebo okolnosti však môžu spôsobiť, že spoločnosť prestane pokračovať v nepretržitej činnosti.

- Hodnotíme celkovú prezentáciu, štruktúru a obsah účtovnej závierky vrátane informácií v nej uvedených, ako aj to, či účtovná závierka zachytáva uskutočnené transakcie a udalosti spôsobom, ktorý vedie k ich vernému zobrazeniu.

Správa k ďalším požiadavkám zákonov a iných právnych predpisov

Správa k informáciám, ktoré sa uvádzajú vo výročnej správe – dodatok správy nezávislého audítora

Štatutárny orgán je zodpovedný za informácie uvedené vo výročnej správe, zostavenej podľa požiadaviek zákona o účtovníctve. Naš vyššie uvedený názor na účtovnú závierku sa nevzťahuje na iné informácie vo výročnej správe. V súvislosti s auditom účtovnej závierky je našou zodpovednosťou oboznámenie sa s informáciami uvedenými vo výročnej správe a posúdenie, či tieto informácie nie sú vo významnom nesúlade s auditovanou účtovnou závierkou alebo našimi poznatkami, ktoré sme získali počas auditu účtovnej závierky, alebo sa inak zdajú byť významne nesprávne.

Posúdili sme, či výročná správa Spoločnosti obsahuje informácie, ktorých uvedenie vyžaduje zákon o účtovníctve.

Na základe prác vykonaných počas auditu účtovnej závierky, podľa nášho názoru:

- informácie uvedené vo výročnej správe zostavenej za rok 2018 sú v súlade s účtovnou závierkou za daný rok,
- výročná správa obsahuje informácie podľa zákona o účtovníctve.

Okrem toho, na základe našich poznatkov o účtovnej jednotke a situácii v nej, ktoré sme získali počas auditu účtovnej závierky, sme povinní uviesť, či sme zistili významné nesprávnosti vo výročnej správe, ktorú sme dostali pred dátumom vydania tejto správy audítora. V tejto súvislosti neexistujú zistenia, ktoré by sme mali uviesť.

Banská Bystrica, 15. apríla 2019

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Licencia SKAU č. 6
Obchodný register Okresného súdu Banská Bystrica
Oddiel: Sro, Vložka číslo: 98/S, IČO: 00614556
Nezávislý člen Moore Stephens International Limited

Ing. Miroslav Čiampor
Kľúčový auditorský partner
licencia UDVA č. 1068





Supplement to the Independent Auditor's Report

**To the shareholders, the Supervisory Board and the Board of Directors
of Železničná spoločnosť Slovensko, a.s. Bratislava**

concerning the Annual Report

in terms of Article 27 (6) of Act No. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended (hereinafter only the "Statutory Audit Act").

We have audited the Financial Statements of Železničná spoločnosť Slovensko, a.s., with the registered seat in Bratislava, company ID no.: 35 914 939 (hereinafter referred to as the Company), as on 31 December 2018 annexed to the Annual Report of the Company, to which we issued the Independent Auditor's Report on 28 February 2019 as follows:

Report on the Financial Statements Audit

Opinion

We have audited the annexed Separate Financial Statements of Železničná spoločnosť Slovensko, a.s. with the registered seat in Bratislava, company ID no.: 35 914 939, containing the Statement on Financial Position as on 31 December 2018, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow for the year ended on the same date, and Notes to the Financial Statements containing the summation of significant accounting principles and accounting methods, and further explanations.

In our opinion, the annexed Financial Statements present a faithful and objective overview of the financial situation of Železničná spoločnosť Slovensko, a.s. as on 31 December 2018, as well as the economic results for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Background to the Opinion

We conducted the audit pursuant to the International Standards on Auditing (ISA). Our responsibility according to these Standards is stipulated under the paragraph on the Auditor's responsibility concerning the audit of the financial statements. We are independent of the Company in terms of the provisions of Act no. 423/2015 on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended (hereinafter only the "Statutory Audit Act") concerning the ethics, including the Auditor's Code of Ethics, relevant to our audit of the financial statements. We also met other ethical requirements of these provisions. We believe that the obtained auditing evidence provides sufficient and suitable basis for our opinion.

Emphasis on certain facts

1. As stated in Note no. 22 to the annexed Financial Statements, based on the Protocol on evaluation of fulfilment of the public service contract for 2017 of 7 August 2018, the Ministry of Transport and Construction accepted the receivable of ZSSK for compensation of loss of 2017, payable on 31 December 2019 that is reported in the income of 2018 in the amount of EUR 38,129 thousand. Based on mutual agreement on relationship between the Ministry of Transport and Construction of the Slovak Republic and ZSSK, in 2018 the Ministry of Transport and Construction approved of the estimated unpaid loss from services in public interests in 2018 that is reported in the income of 2018 in the amount of EUR 37,370 thousand. Subsequent recognition of income according to the actual figures will be carried out in the first half of 2019.
2. As stated in Notes no. 2.3 and no. 15 to the annexed Financial Statements, the Company owns long-term tangible assets, for which reserves on environmental burden were created in the past reporting periods

in compliance with IAS 37. As on 31 December 2018 the reserve was assessed in the amount of EUR 364 thousand based on the remaining obligations of ecological nature imposed on the Company in terms of the effective Slovak legislation. The Company estimates future cash flows related to environmental liabilities via price comparisons, analogies with similar past activities and other estimates. The reserve amount and the basis for the reserve calculation are revaluated on an annual basis, always on the date of the balance. Even if these estimates are based on the best knowledge of current events and procedures, the actual results may differ from these estimates.

3. As stated in Notes no. 2.3 and no. 15 to the annexed Financial Statements, the Company reports reserves on lawsuits concerning several legal claims. As on 31 December 2018, the most significant reserve in the amount of EUR 16.7 million concerned an uncertain result of a passive commercial and legal lawsuit with the complainant, the company LANCILLON LIMITED, as regards compensation of lost profit due to failed reconstruction of the rolling stock. The Company continues to report the difference in the total claimed compensation as a contingent liability. As stated in Note no. 16 b) of the annexed Financial Statements (Contingent Liabilities), the Company is a defendant in a law-suit in this matter concerning compensations in the amount of EUR 51,752 thousand with interests. Based on a legal analysis, the Company management assumes that the complaint is unjustified as the supplier (the complainant) did not meet the contractual obligations stemming from individual contracts. In its decision of 16 April 2018, the District Court of Bratislava III refused the complaint in its full scope. The decision is not final yet. Even if these estimates are based on the best knowledge of current events and procedures, the actual results may differ from these estimates. The Company makes use also of services of external legal advisors and experience from similar previous lawsuits to determine the probable results of lawsuits and the need to create a reserve.

Responsibility of the Statutory Body for the Financial Statements

The Statutory Body of the reporting entity – Železničná spoločnosť Slovensko, a.s. – is responsible for elaboration of these Financial Statements so as to provide an objective and truthful presentation in compliance with the Accounting Act, as well as for the internal control it considers necessary to elaborate the Financial Statements without any material inconsistencies whether due to fraud or mistake.

When preparing the Financial Statements, the Statutory Body is responsible for assessment of the Company's ability to continue as a going concern, for description of the facts relevant to continue as a going concern, if necessary, and for applying the going concern assumption to the accounting, unless it intends to dissolve the Company or to end its activities, or there would be no other realistic option other than doing so.

Responsibility of the Auditor for the audit of the Financial Statements

It is our responsibility to acquire reasonable assurance that the Financial Statements as such do not contain material inconsistencies, whether due to fraud or mistake, and to issue the Auditor's Report, including its opinion. A reasonable assurance is assurance of a high degree, however, it is not a guarantee that the audit conducted pursuant to the International Standards on Auditing must always disclose material inconsistencies, if any. Inconsistencies might occur due to fraud or mistake and are considered significant if there is a reasoned assumption that, individually or in total, they could affect the economic decisions of the users based on these Financial Statements.

Professional judgement is applied and professional scepticism is maintained within the audit carried out pursuant to the International Standards on Auditing and throughout the whole audit. Besides:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or mistake, propose and apply auditing procedures reacting to these risks, and acquire auditing evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not discovering a material misstatement due to fraud is higher than such a risk due to mistake as a fraud might include a secret agreement, falsification, deliberate omission, false statement or evasion of an internal control.
- We learn about the internal controls relevant for the audit so as to be able to propose auditing procedures suitable for the respective circumstances, however, not with the purpose of expressing an opinion on efficiency of the Company's internal controls.
- We assess appropriateness of the used accounting principles and accounting methods and adequacy of the accounting estimates and presentation of the related information as carried out by the Statutory Body.
- We conclude whether the Statutory Body makes an appropriate use of the going concern assumption in its accounting and, based on the obtained auditing evidence, we conclude whether there is a material uncertainty related to events or circumstances that could significantly affect the ability of the Company to continue as a going concern. If we conclude that there is such material uncertainty, we

are obliged to draw the attention within the Auditor's Report to the relevant information presented in the Financial Statements or, if the information is insufficient, to modify our opinion. Our conclusions are based on auditing evidence obtained by the date of issuance of our Auditor's Report. Any future events or circumstances, however, can cause the Company to cease its continuation as a going concern.

- We assess the overall presentation, structure and content of the Financial Statements, including the presented information, as well as the fact whether the Financial Statements present the carried-out transactions and events in a way leading to their truthful presentation.

Report on further requirements imposed by law and other legal regulations

Report on the information presented in the Annual Report – Supplement to the Independent Auditor's Report

The Statutory Body is responsible for the information presented in the Annual Report prepared pursuant to the requirements of the Accounting Act. Our opinion above on the Financial Statement does not apply to other information in the Annual Report.

In respect of the Financial Statements audit, it is our responsibility to get familiar with the information presented in the Annual Report and to assess whether the information is not in material inconsistency with the audited Financial Statements or our knowledge as obtained during the audit of the Financial Statements, or seem otherwise incorrect.

We have assessed whether the Company's Annual Report contains information as required by the Accounting Act.

Based on the findings obtained during the audit of the Financial Statements, our opinion is that:

- the information presented in the Annual Report for 2018 is consistent with the Financial Statements for the same year,
- the Annual Report contains the information in compliance with the Accounting Act.

Besides, based on our knowledge of the accounting entity and its situation obtained during the audit of the Financial Statements, we are obliged to state whether we discovered any material misstatements in the Annual Report we obtained before issuing the Auditor's Report. In this respect, there are no findings to be reported.

In Banská Bystrica, 15 April 2019

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Companies' Register of the District Court of Banská Bystrica
Section: Sro, Entry no.: 98/S, Company ID no.: 00614556
An independent member firm of Moore Stephens International Limited

Ing. Miroslav Čiampor

Key Audit Partner

UDVA Licence no. 1068



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FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear customers, dear business partners,

you are opening the Annual Report of Železničná spoločnosť Slovensko, a.s. (ZSSK) for 2018, a successful year for our Company. ZSSK saw increase in all strategic and tactical parameters: we increased the revenues, labour productivity and, after many years, we achieved balanced and transparent economic results.


The passenger numbers have been growing in all categories. The first units out of 52 pieces of new rolling stock will start riding on our rails this year; their arrival had been prepared already from 2016. Tens of new and reconstructed coaches have already been commissioned or we will soon welcome them to our fleet. Infrastructure projects worth tens million euros are under way. Passenger transport by rail has seen a boom (and more is yet to come), which no one dared to dream about in 2015.

As our further success, I would like to mention our new ticket selling e-shop and a new mobile application "Ideme vlakom" (Travelling by train) launched at the end of 2018. It was reflected in increased revenues from on-line sale that represents a quarter of the overall revenues from sold tickets. We intend to focus on this area very intensely.

Another positive aspect that will, hopefully, be seen in railway operation is brought along by an increased interest in topics of public transport in the media. The media and the public have substantially increased their interest in railway, which in 2018 resulted in an agreement on additional new trains, in particular, around Bratislava and Košice, as well as on the most demanded long-distance route from Žilina to Bratislava. We believe that the great interest of the public in the most ecological public transport will attract attention also of the politicians who will redirect public resources into faster renewal of railway infrastructure, as we all depend on it so much.

At the end, I would like to express my gratitude to all employees who do their best for you. Moreover, their increased labour productivity makes it possible also to improve their wage evaluation. It was reflected in increase of the average wage at ZSSK, growing by 7.56 % year-to-year.

Dear customers, dear business partners, thank you for your lasting support and favour throughout many years. I am glad that together we are able to successfully fulfil our long-term ambitious strategy of development of railway passenger transport started in 2016, and that the period of maltreatment and neglecting of this sector has evidently ended also thanks to our activities. Please, continue to stay loyal to us also in the future.



Filip HLUBOCKÝ

Chairman of the Board of Directors
and Director General of ZSSK

COMPANY PROFILE

Železničná spoločnosť Slovensko, a.s.
Rožňavská 1
832 72 BRATISLAVA

Company ID no.: 35 914 939
Tax registration no.: 20 219 200 76

Established on: 13 December 2004

Share capital: 212,441 million EUR

ZSSK is a joint-stock company with the seat in the Slovak Republic (SR), founded on 13 December 2004 and entered into the Companies' Register of the District Court of Bratislava I as of 1 January 2005. Its founder and a sole owner (the only shareholder) is the State. The rights of the State as the shareholder are executed by the Ministry of Transport and Construction of the Slovak Republic (MTC) with the seat at Námestie slobody 6, 811 06 Bratislava. The Company does not figure as an associate partner with unlimited liability in any other company.

In terms of Article 21 (4) of the Act on State Statistics as amended, in April 2016 ZSSK was included into the statistical register of organisations in S13 sector – Public Administration.

The internal organisation of ZSSK is governed by the Establishment Deed, the Statutes of the Joint-Stock Company and the Organisation Order of ZSSK.

The Statutes of the Company stipulate the subject of business activities of ZSSK. The core activity of the Company is to transport passengers on nationwide lines, regional lines and other related activities. The services in passenger transport are delivered in accordance with the state transport policy of the Slovak Republic and are based on the Contract on Transport Services in Public Interest concluded pursuant to Act of the Slovak National Council no. 514/2009 Coll. on transport by rail as amended, between ZSSK as the transport operator and the State (represented by MTC SR) as the contracting authority.

The bodies of ZSSK:

The General Assembly is the supreme body of ZSSK.

The Board of Directors is the statutory body of ZSSK. It is authorised to act for and on behalf of ZSSK in all matters and represents ZSSK in front of third parties, at courts and other bodies. The Board of Directors manages the company activities and decides upon all company matters, unless assigned to other company bodies by legal regulations or company statutes.

The Supervisory Board is the supreme control body of ZSSK. It supervises the activities of the Board of Directors and business activities of ZSSK.

The Director General is an executive body of ZSSK.

BOARD OF DIRECTORS OF ZSSK

Mgr. Filip HLUBOCKÝ

Chairman of the Board of Directors

Director General of ZSSK
Since 18 June 2016

Dipl.-Ing. Patrik HORNÝ

Vice Chairman of the Board of Directors

Director of the Division of Economy and Information
Management of ZSSK
Since 21 June 2016
Member from 18 June to 20 June 2016

Ing. Karol MARTINČEK

Member of the Board of Directors

Business Division Director of ZSSK
Since 18 June 2016

SUPERVISORY BOARD

Ing. Peter BARTALOS

Chairman of the Supervisory Board

Since 20 September 2017

Mgr. Ladislava CENGLOVÁ

Vice Chairman of the Supervisory Board

Since 9 September 2015

Peter CIBULA, Mgmt.

Member of the Supervisory Board

Since 18 June 2016

Ing. Ivan ČERNEGA

Member of the Supervisory Board

Since 23 June 2017

Jozef HLAVATÝ

Member of the Supervisory Board

Since 20 January 2010

Peter DUBOVSKÝ

Member of the Supervisory Board

Since 23 January 2015

Based on Act no. 423/2015 Coll. on Statutory Audit and on Amendments and Supplements to Act no. 431/2002 Coll. on Accounting as amended, ZSSK is an entity subject to oversight and is obliged to establish an audit committee since 17 June 2016. In compliance with Article 34 (5) d) of the above Act, the Supervisory Board of ZSSK acts as the audit committee.

SCOPE OF BUSINESS

ZSSK performs transport and commercial activities by rail. ZSSK's scope of business is as follows:

- 1) operation of transport on the railway network – nationwide and regional railways,
- 2) operation of transport on the infrastructure – nationwide and regional infrastructure,
- 3) advertising and promotional activities,
- 4) administrative and photographic activities,
- 5) organisation of education in the field of railway transport,
- 6) manufacturing of spare parts for machines and mechanisms,
- 7) purchase of goods for purposes of their sale to other sole traders (wholesale trade),
- 8) purchase of goods for purposes of their sale to the final consumer (retail trade),
- 9) intermediary activity within the scope of free trade,
- 10) lease of real estates including provision of supplementary services,
- 11) lease of real estates including provision of supplementary services-procurement activities,
- 12) national irregular bus transport,
- 13) national freight road transport,
- 14) exchange activities,
- 15) software provision – sale of ready-made programmes under the contract with the author,
- 16) automated data processing,
- 17) advisory and consultancy services in the field of hardware and software,
- 18) accounting consultants' services,
- 19) bookkeeping,
- 20) forwarding,
- 21) repairs of machines,
- 22) repairs of road motor vehicles,
- 23) provision of mailing services,
- 24) lease of transport vehicles and mechanisms,
- 25) lease of consumer and industrial goods,
- 26) publishing activity within the scope of free trade,
- 27) storage of goods, except for administration of a public bonded warehouse,
- 28) activity of the chief clearance agent,
- 29) metal working,
- 30) geodetic and cartographic work,
- 31) running of technical libraries,
- 32) carrying out of assemblies, inspections, maintenance, servicing, revisions and testing of specified technical pressure devices,
- 33) carrying out of inspections, maintenance, repairs, reconstruction, servicing and testing of specified electric devices,
- 34) welding of rolling stock,
- 35) heat production,
- 36) heat production, heat distribution,
- 37) operation of transport on a special line – Detská železnica (Children's Railway) in Košice,
- 38) carrying out of servicing of selected technical gas equipment,
- 39) luggage storage,
- 40) procurement activity in the field of civil engineering,
- 41) accommodation services without board or catering,
- 42) repairs, maintenance, revision and testing of specific technical lifting and transportation devices,
- 43) non-destructive testing of rolling stock,

- 44) carrying out of inspections and non-destructive testing of lifting steel structures,
- 45) carrying out of specific activities: assembly, repairs, maintenance, reconstruction, revision, tests of specified electric technical devices on railway infrastructure,
- 46) carrying out assembly, repairs, revision and testing of specific technical gas devices,
- 47) carrying out assembly, repairs, revision and testing of specific technical pressure devices,
- 48) carrying out technical inspection of rolling stock before their commissioning and during their operation, and testing of technical capability of rolling stock for operation,
- 49) carrying out training and testing of professional capability to work with specified technical lifting and transportation devices - operation of lifting devices and operation of transportation devices,
- 50) carrying out training and testing of professional capability to work with specified technical devices - operation of pressure devices,
- 51) carrying out training and testing of professional capability to work with specified technical electric devices,
- 52) carrying out training and testing of professional capability to work with specified technical devices - operation of gas devices,
- 53) non-destructive testing of steel bridge and bridge-like infrastructure structures,
- 54) research and development in the field of natural, technical, social and humanistic sciences,
- 55) carrying out of assembly, inspections, maintenance, repairs and reconstruction of rolling stock.

The company may run the business activities in the scope stated above pursuant to the following:

- Licence no. 0950/2007/L to carry out transport services by rail, based on Decision of the Railway Regulatory Authority no. 5711/2006-ÚRŽD/Sk of 26 January 2007 for an unlimited period of time
- Licence no. 01/2007/ŠD/L to carry out transport on a special line – Detská železnica (Children's Railway) in Košice, issued on 29 May 2007 for an unlimited period of time
- Licence Deed no. OŽP-A/2005/48837-2/CR1 of 12 December 2005, for an unlimited period of time
- Licence Deed no. Žo-2005/12193/2/Z25 of 16 March 2005, for an unlimited period of time
- Trade Licence no. OŽP-A/2008/23329-2 of 23 May 2008, for an unlimited period of time
- Trade Licence no. Žo-2005/12193/2/Z25 of 16 March 2005, for an unlimited period of time
- Decision of the Railway Regulatory Authority no. 2005T 0017 of 31 May 2005 for heat generation, valid for an unlimited period of time

Special authorisations:

- Authorisation of the Transport Authority no. K - 18/2016 to carry out assembly, maintenance, revision and testing of specific technical pressure devices
- Authorisation of the Transport Authority no. P - 11/2015 to carry out assembly, repairs, revision and testing of specific technical gas devices
- Authorisation of the Transport Authority no. E - 63/2015 to carry out specific activities: assembly, repairs, maintenance, reconstruction, revision, tests of specified electric technical devices on railway infrastructure
- Authorisation of the Transport Authority no. Zv - 12/2016 for welding of rolling stock
- Authorisation of the Transport Authority no. Z 28/2015 to carry out inspection and non-destructive testing of lifting steel structures
- Authorisation of the Transport Authority no. Z - 32/2016 to carry out repairs, maintenance, revision and testing of specific technical lifting and transportation devices
- Authorisation of the Transport Authority no. D - 10/2014 for non-destructive testing of rolling stock

- Authorisation of the Transport Authority no. D - 07/2017 for non-destructive testing of rolling stock
- Authorisation of the Transport Authority no. P-Z/17-2016-18 to carry out training and testing of professional capability to work with specified technical lifting and transportation devices - operation of lifting devices and operation of transportation devices
- Authorisation of the Transport Authority no. P-Z/06-2016-18 to carry out training and testing of professional capability to work with specified technical devices - operation of pressure devices
- Authorisation of the Transport Authority no. P-Z/05-2016-18 to carry out training and testing of professional capability to work with specified technical devices - operation of gas devices
- Authorisation of the Transport Authority no. P-E/20-2016-18 to carry out training and testing of professional capability to work with specified technical electric devices
- Authorisation of the MTC SR no. 28058/2016/C350-SŽDD/z.75851 to carry out technical inspection of rolling stock before their commissioning and during their operation, and testing of technical capability of rolling stock for operation
- Authorisation of the Transport Authority no. D - 08/2017 for non-destructive testing of steel bridge and bridge-like infrastructure structures.

PASSENGER TRANSPORT

In 2018, passenger railway services transported a total of 73,808 thousand passengers, which was more by 1,335 thousand passengers compared to the last year, i.e. the year-to-year increase by 1.84 %, of which:

- the national transport services saw a year-to-year increase by 884 thousand passengers (1.29 %), of which IC trains saw an increase in transported passengers by 86 thousand,
- the international transport saw a year-to-year increase by 451 thousand passengers (11.71 %).

The year-to-year increase in the number of transported passengers was reflected also in an increase of the transport performance in passenger-km, which amounted to 3,815,146 thousand passenger-km in 2018. Compared to 2017, the transport performance increased by 55,222 thousand passenger-km (1.47 %).

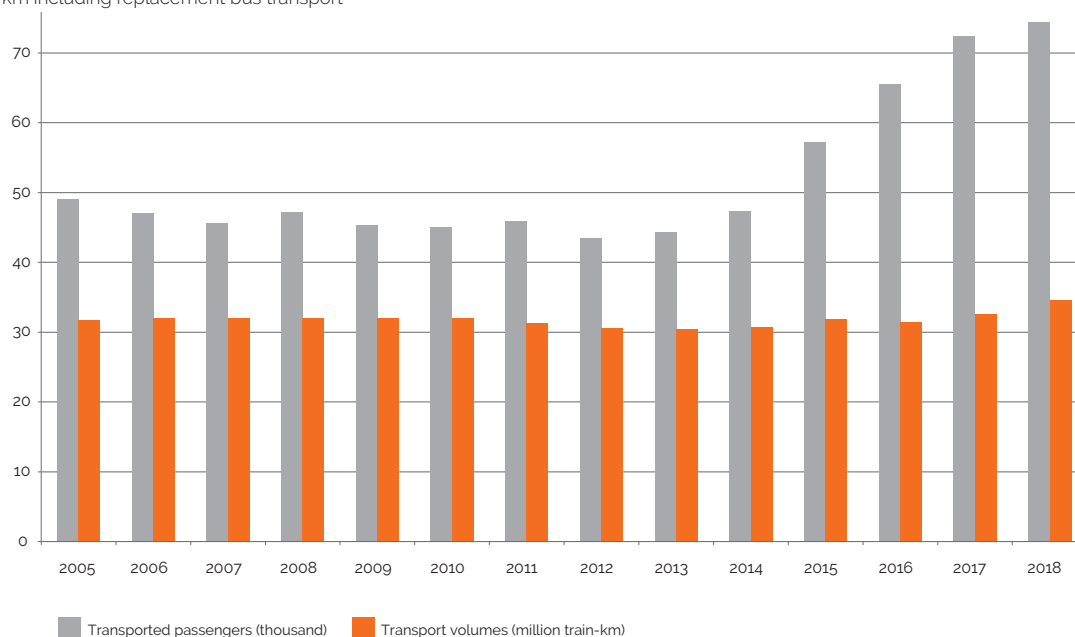
The year-to-year increase of transported passengers and passenger-km in national transport was influenced by an increase in the number of irregular passengers, also thanks to an indirect impact of free-of-charge transport. The national transport saw also an increase in the use of closed tariff systems such as ITS BK and TEŽ in a year-to-year comparison. The year-to-year increase in transported passengers in international services was affected by broader possibilities of train transport and suitable tariff conditions.

The transport performance in train-km, including replacement bus services, amounted to a total of **33,649 thousand train-km** in 2018. Compared to the last year, the transport performance increased by 1,007 thousand train-km (3.09 %), which was affected by an increased volume of transport services ordered by the State.

Development of volumes in passenger transport:

Total passenger transport	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018/ 2017
Transport volume (million passenger-km)	2,166.20	2,194.20	2,147.96	2,278.66	2,249.07	2,291.27	2,431.72	2,413.49	2,421.95	2,503.13	3,081.25	3,193.72	3,759.92	3,815.15	1.015
Passengers (million)	49,054	47,021	45,598	47,184	45,342	45,004	45,959	43,445	44,287	47,286	57,275	65,606	72,473	73,808	1.018
Transport volume (million train-km)* /	31,785	32,068	32,060	32,002	31,980	32,048	31,331	30,559	30,438	30,791	31,856	31,477	32,641	33,649	1.031

* / train-km including replacement bus transport



QUALITY MANAGEMENT SYSTEM, CERTIFICATES

Integrated Management System

The integrated management system introduced by ZSSK includes several coordinated activities, which direct and manage enhancement of the quality of the services delivered by the Company. The certified systems focus on the quality management concerning operation of long-distance trains of national significance, employee training, ticket sale, and occupational health and safety, and guarantee that the activities are carried out in compliance with the requirements of the respective standards.

In 2018 IMS included the following certified products of QMS:

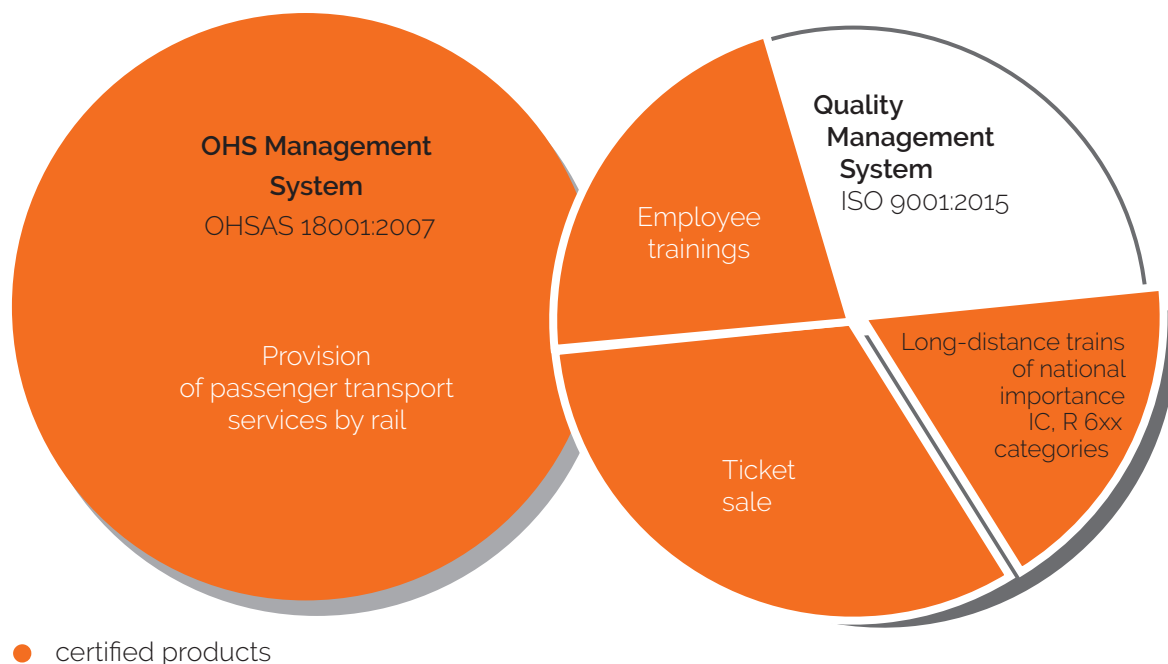


- ✓ Operation of long-distance trains of national importance of IC, R 6xx categories on the line of Bratislava – Žilina – Košice and back
- ✓ Ticket sale
- ✓ Employee training pursuant to ISO 9001:2015



- ✓ Provision of passenger transport services by rail pursuant to OHSAS 18001:2007.

Picture 1 – Integrated Management System Scheme



STRATEGIC OBJECTIVES

Who we are

We are an efficient and modern national transport operator, providing all range of passenger railway services. In cooperation with foreign transport operators we offer sale of transport documents to travel throughout the whole Europe. We offer our services to the current as well as potential customers and we aim at maximally fulfilling their needs, while respecting technical, economic and ecological requirements, and using expert experience and capabilities of our employees.

Our goal

We wish to be the railway transport operator of the first choice for the customers as well as for the public-service contracting authorities. Our goal is also to provide the highest-quality services in commercial trains. Therefore, we have to take a position on the open market as an innovative leader in mobility and approach to customers, and to become an important and attractive employer. At the same time, our goal is to be a profitable company, responsible to the environment, managed by international principles, successful in a competitive ambient.

How to achieve our goal

- We concentrate on the customer and try to make the use of our services easier and more pleasant. We provide transport also to older persons and passengers with reduced mobility and orientation. We guarantee a high rate of transport safety.
- We invest into renewal of the rolling stock fleet and introduce modern and new rolling stock into operation.
- We introduce modern technologies of handling the passengers and sale of tickets.
- We develop the key competencies of our employees through targeted trainings and education, increasing, at the same time, the labour productivity of our employees.
- We enhance the reliability of train operation and the quality of delivered services by establishing a network of workplaces for repairs and technical and hygienic maintenance.
- We introduce modern and innovative elements into the Company, we actively participate in research and development in the field of predictive maintenance.
- We provide services and products on the principle of balanced economic sustainability.
- We prefer solutions that minimise burdening of the environment.

We care about our passengers

As of 2018, the project on "Modernisation of the rolling stock fleet of ZSSK under OP II – 1st part" came to its active phase, focusing on delivery of 21 DMUs to be allocated to the Region of Banská Bystrica. The effective contractual time schedule defines the planned deadline for delivery of the first pieces of DMU already in May 2019.

Crucial milestones of the project on "Modernisation of the rolling stock fleet of ZSSK under OP II – 2nd part" were carried out in 2018, focusing on delivery of 25 EMUs to be allocated, in particular, in the Region of Žilina. Production of the first pieces of EMUs started in 2018.

Renewal and modernisation of the rolling stock fleet of ZSSK is carried out from the EU funds as well as from the resources of ZSSK. In the course of 2018 to 2021, investments will be made into modernisation and purchase of passenger coaches for long-distance transport and purchase of rolling stock for the cog railway. Coaches are also modernised every year in order to prolong

their lifespan and increase the standard of travelling, reliability and safety (modernisation of the central energy source, renewal of the interior, modernisation of vacuum toilets, etc.)

In 2018 implementation of three projects establishing the light-maintenance centres in Nové Zámky, Zvolen and Humenné was prepared.

Due to technical sustainability and further enhancement of electronic sale services, ZSSK has been preparing replacement of the current sale IS with the aim of providing extended electronic services for ZSSK customers by 2021 (increased speed, new and simplified user interface, integration to the current customer accounts by Google, Facebook, increased speed and preparedness for a substantially higher use brought along by development of electronic services and current modern technologies).

As substantial development of electronic sale and communication channels is anticipated in the following years compared to the current sale at stations, ZSSK plans to continue the already started strategy of implementing security and protective elements (central account database, audit elements that monitor accesses to individual databases in real time).

As of 2018, ZSSK as the only transport operator in Central Europe offers an online chat at the web site of the Company. Chat serves for online communication in real time with the customer.

ZSSK, in cooperation with research institutions and universities, works on projects focusing on management and setting of optimising methods for long-term planning as well as short-term management of planned operating traffic closures and extraordinary situations, enhancing of operability and use of the rolling stock, and more efficient use of human resources.

As a nationwide transport operator we see our irreplaceable role in improving the travelling conditions for people with health disabilities. We are a transport operator offering the most options of a comfortable journey to this citizen group. In 2018 the service of "Online translator" was introduced and has become a significant help in removing communication barriers for hearing-impaired customers.

After re-introduction of IC trains in 2017, the number of customers increased in 2018 by 12.2 % year-to-year, while the revenues increased by 15.9 %.

ZSSK is ready to react to the challenges brought along by modernisation of the infrastructure, entry of competitors on the transport market, increase in prices of energy and fuels, and to make use of the options of transport integration and further renewal of the rolling stock fleet and technical and hygienic maintenance of the rolling stock co-financed from the EU funds.

ECOLOGY

In 2018, the activities of ZSSK concerning the environment focused, in particular, on cooperation with the Ministry of the Environment of the Slovak Republic, and with contractors dealing with the geologic task of "Renovation of the selected environmental burdens in the Slovak Republic". The project financed from the EU Structural Funds provides for rebuilding of the environmental burden at seven sites of the Company - the locomotive depots in Humenné, Košice, Prievidza, Nové Zámky, Brezno, Kraľovany and Vrútky, with the assumed date of completion, including post-rebuilding monitoring, in 2024. Within the ecological issues, ZSSK carried out also further activities related to the environmental protection.

We registered 13 extraordinary events, together with removal of the consequences of pollution caused by leakage of oil substances into the environment, of which 10 were caused by fault of rolling stock (mostly faults of fuelling system) and 3 extraordinary events were caused by third parties.

In order to reduce the volume of waste, selected collection of common waste was provided for at the Company workplaces with a higher concentration of administrative employees, and logistics for separation, transportation and disposal of dangerous waste was provided.

As regards preventive activities, observance of the effective legislative regulations for the environment and related internal regulations of ZSSK was controlled and measures were adopted to prevent any incompatibility. All notification obligations stemming from the effective legislation were fulfilled on time.

This year, the company CENVIS, s. r. o. Bratislava carried out an operating environmental audit aiming at obtaining information about the level of fulfilment of legal regulations concerning protection of the environment and fulfilment of internal directives to protect the environment, as well as obtaining information and data on the impacts of activities carried out at specific operating sites on individual elements of the environment, information on possible environmental risks and adequate emergency readiness, and information on activities of the Ecology Department, on powers and responsibilities of its individual employees and their possibilities to optimally deal with the occurred environmental problems.

OWNERSHIP INTERESTS OF ZSSK as on 31 December 2018

ZSSK holds an ownership interest with insignificant influence in the following companies:

	Number of shares in the equity (pieces) as on 31/12/2018	Share against the equity in %	As on 31 Decem- ber 2017 in thousand EUR	As on 31 Decem- ber 2018 in thousand EUR
EUROFIMA	1,300	0.50%	5,208	5,408
Bureau Central de Clearing, s.c.r.l. Brussels (BCC)	1	0.68%	1	1
Total	x	x	5,209	5,409

In 2018 ZSSK did not obtain any new shares.

BUSINESS RESULTS

The Separate Financial Statements of ZSSK for 2018 are reported pursuant to the International Financial Reporting Standards.

Business result

Based on mutual agreement on relationship between MTC SR and ZSSK, in 2018 ZSSK reported additional compensation of services in public interest into profit, as stemming from the Contract on Transport Services in Public Interest in the amount of EUR 37,370 thousand. Before, ZSSK always reported additional compensation in the amount of uncovered loss from PSC of the current year only in the accounts of the year following.

In 2018 the business result of ZSSK was profit of EUR 37,376 thousand. Should the Company not report the above-mentioned additional compensation from PSC for 2018, the business result of ZSSK in 2018 would be profit of EUR 6 thousand.

In 2018 ZSSK planned loss in the amount of EUR 1,990 thousand.

In thousand EUR	Actual figures 31 December 2017	Actual figures 31 December 2018	Difference	Index 2018/2017
Revenues				
Passenger transport and related revenues	102,446	104,345	1,899	1.02
Compensation for services in public interest	243,956	300,058	56,102	1.23
Other subsidies	30,289	30,364	75	1.00
Other net operating (costs), revenues	3,328	6,493	3,165	1.95
	380,019	441,260	61,241	1.16
Costs				
Consumption and services	-188,710	-197,784	-9,074	1.05
Personnel costs	-106,220	-114,502	-8,282	1.08
Depreciation, amortisation and impairment of tangible assets	-86,625	-89,548	-2,923	1.03
	-381,555	-401,834	-20,279	1.05
Financial (costs) revenues				
Financial revenues	62	49	-13	0.79
Financial costs	-4,137	-3,606	531	0.87
Net financial derivatives	16	4	-12	0.25
	-4,059	-3,553	506	0.88
Tax costs	1,550	1,503	-47	0.97
Profit (loss) in the accounting period	-4,045	37,376	41,421	-9.24
Other comprehensive results:				
Items not to be reclassified into results	284	534	250	1.88
Revaluation of employee benefits	284	534	250	1.88
Items that can be reclassified into results	0	0	0	
Other comprehensive results in the accounting period	284	534	250	1.88
Total comprehensive results in the accounting period	-3,761	37,910	41,671	-10.08

ZSSK had no costs on research and development in 2018.

INDICATORS

	Unit	Actual figures 2017	Actual figures 2018	Difference	Index 2018/2017
Costs	thousand EUR	390,546	407,517	16,972	1.04
Revenues	"	386,500	444,893	58,393	1.15
Expensive ratio		1.01	0.92	-0.09	0.91
Operating revenues without compensation from public service contract and subsidies	thousand EUR	107,492	109,274	1,782	1.02
Operating costs without depreciation	"	296,649	310,722	14,073	1.05
Coverage of costs by revenues	%	36.24	35.17	-1.07	0.97
Liabilities without accruals and deferrals*	thousand EUR	450,054	482,224	32,170	1.07
Total assets	"	984,870	1,250,496	265,626	1.27
Total indebtedness without accruals and deferrals *	%	45.70	38.56	-7.14	0.84
Current assets	thousand EUR	80,229	122,347	42,118	1.52
Short-term liabilities without accruals and deferrals*	"	134,579	141,125	6,546	1.05
Total liquidity		0.60	0.87	0.27	1.45
Loans + aid	thousand EUR	349,837	380,208	30,371	1.09
Total assets	"	984,870	1,250,496	265,626	1.27
Loan encumbrance of assets	%	35.52	30.40	-5.12	0.86

*) Accrued revenues (subsidy on modernisation of rolling stock and NRFC from EU funds and the State Budget on projects).

DATA ON REMUNERATION OF THE STATUTORY AND SUPERVISORY BODIES OF ZSSK

In thousand EUR	2017	2018
Current members		
of which: Board of Directors	34	36
Supervisory Board	22	33
Former members		
of which: Board of Directors		
Supervisory Board	8	0
Total remuneration:	64	69

ZSSK provides monetary remuneration to the members of the Supervisory Board and the Board of Directors. These amounts are subject to tax and levy obligations in terms of effective legal regulations.

SIGNIFICANT EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

ZSSK does not report any significant events after the date of the Statement of Financial Position.

SETTLEMENT OF THE REPORTED BUSINESS RESULTS OF 2018

In 2018 ZSSK achieved accounting profit of EUR 37,375,893.79. Proposal of settlement of the reported business results :

The sole shareholder, in its Decision no. 36/RA – 2019, decided to distribute the profit in the amount of EUR 37,375,893.79 for the reporting period of 2018 as follows:

- to contribute to the statutory reserve fund in the amount of EUR 3,737,589.38,
- to reduce the loss of past periods on the account 429 – unpaid loss of past periods - in the amount of EUR 33,638,304.41.

HUMAN RESOURCES

The actual recorded number of employees as on 31 December 2018 amounted to 5,877. Compared to 2017, the recorded number of employees reduced by 75 employees, which is less by 1.26 %.

Recorded number of employees:

Division	2017	2018
Division of the Director General	150	189
Business Division	1,076	1,026
Operation Division	3,205	3,162
Economy Division	127	141
Services Division	330	329
Maintenance Division	1,064	1,030
Total number of ZSSK employees	5,952	5,877

Break-down by sex:

Sex of employees	2017	2018
Men	3,835	3,776
Women	2,117	2,101
Total	5,952	5,877

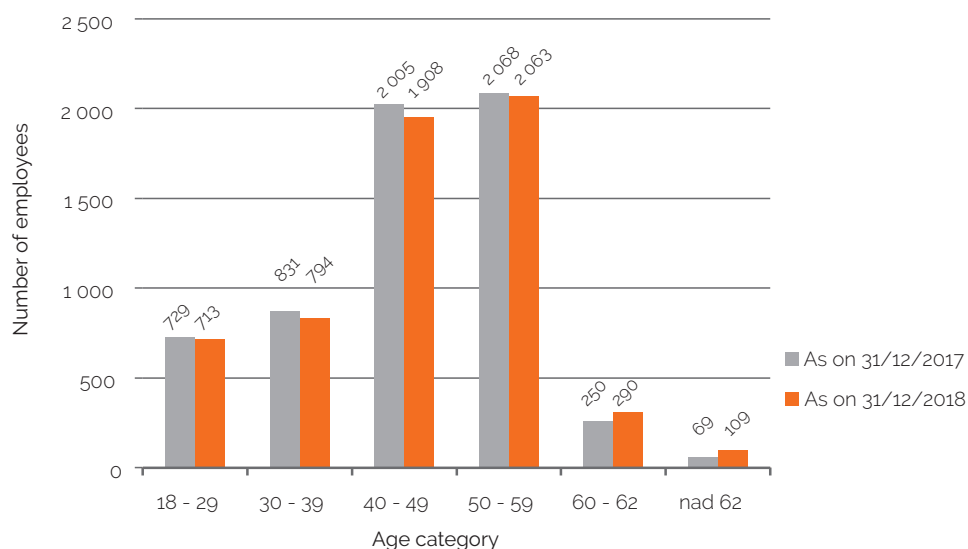
The average wage in ZSSK in 2018 reached the amount of EUR 1,117.64. Compared to 2017 (with the average wage of EUR 1,038.24), the average wage increased by EUR 79.40, which is an increase of 7.65 %

Age structure of the employees in 2018

Out of the total number of employees of 5,877 there were

713 employees of less than 29 years of age 2,063 employees between 50 - 59 years of age
 794 employees between 30 - 39 years of age 290 employees between 60 - 62 years of age
 1,908 employees between 40 - 49 years of age 109 employees over 62 years of age.

Age structure of ZSSK employees



The above indicates that compared to 2017 ZSSK saw a decrease in the number of employees in 2018 in the age categories of 18- 29, 30 - 39, 40 - 49, and 50-59 years of age. Contrarily, the numbers of employees increased in the age categories of 60 - 62 and over 62.

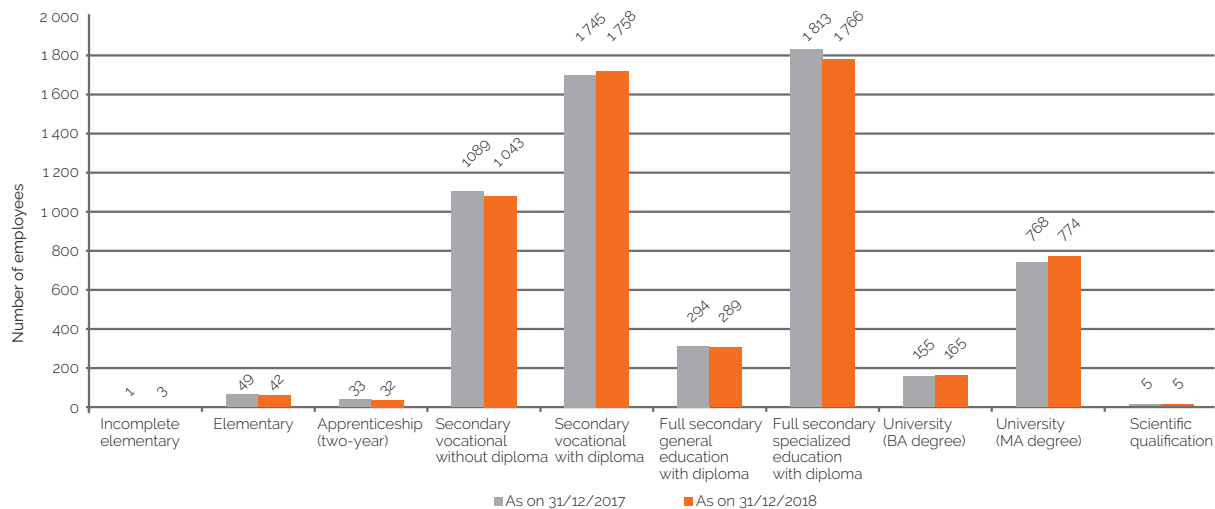
The average age of ZSSK employees as on 31 December 2018 is 46.10 years, which – compared to 2017 (45.68) means an increase by 0.42 years, and it is less than natural aging.

Despite the global trend of the overall aging of the population and dominance of employees in the post-reproduction and production age (45 – 64 years), the intention of ZSSK is a gradual increase of the employees in the lower age categories, in particular in the key operation and repair professions.

The tools to achieve this objective in 2018 included, in particular, locomotive drivers trainings, Open Door Days in Depot Operation Centres/Operation Centres, a national promotional event "Transport Studies", an internship graduate scheme of ZSSK, as well as an attractive cooperation with secondary schools and universities that signed Mutual Cooperation Agreements with ZSSK.

Besides a gradual reduction of the average employee age, the aim is to ensure employment in the key professions of ZSSK in the future through raising qualified and productive resources of labour force.

Education structure of the employees in 2018



As regards the education structure in 2018, there was an increase of qualified employees compared to 2017:

- unfinished elementary education by 2 employees,
- full secondary vocational education with diploma by 13 employees,
- University education (bachelor's degree) by 10 employees,
- University education (master's degree) by 6 employees.

There was reduction in employees with:

- elementary education by 7 employees,
- apprenticeship (two-year) by 1 employee,
- secondary education without diploma by 46 employees,
- full secondary general education with diploma by 5 employees,
- full secondary vocational education by 46 employees.

In percentage, out of the total number of ZSSK employees, the major group is of employees with:

- full secondary vocational education with diploma – 1,766 employees, i.e. 30.05 %,
- secondary vocational education with diploma – 1,758 employees, i.e. 29.91 %,
- University education – 944 employees, i.e. 16.06 %.

NUMBER AND TYPES OF RECEIVED COMPLAINTS

Petitions, claims – initial, serious as well as repeated, plus other-than-customer motions, requests, comments and appraisals (last, but not least also passenger injuries) of natural as well as legal entities delivered to ZSSK are handled in terms of the Directive on Handling of Claims.

Complaints are recorded in established on-line databases and coded in a structure of quality criteria pursuant to EN STN 13 816 "Public passenger transport", in accordance with Regulation (EC) No. 1371/2007 of the European Parliament and of the Council on rail passengers' rights and obligations; respecting the provisions of Act No. 85/1990 Coll. on Petition Right; Act No. 514/2009 Coll. on Railway Transport, Act No. 250/2007 on Consumer Protection, Act No. 552/2003 Coll. on the Performance of Work in Public Interest, Commercial Code and Labour Code.

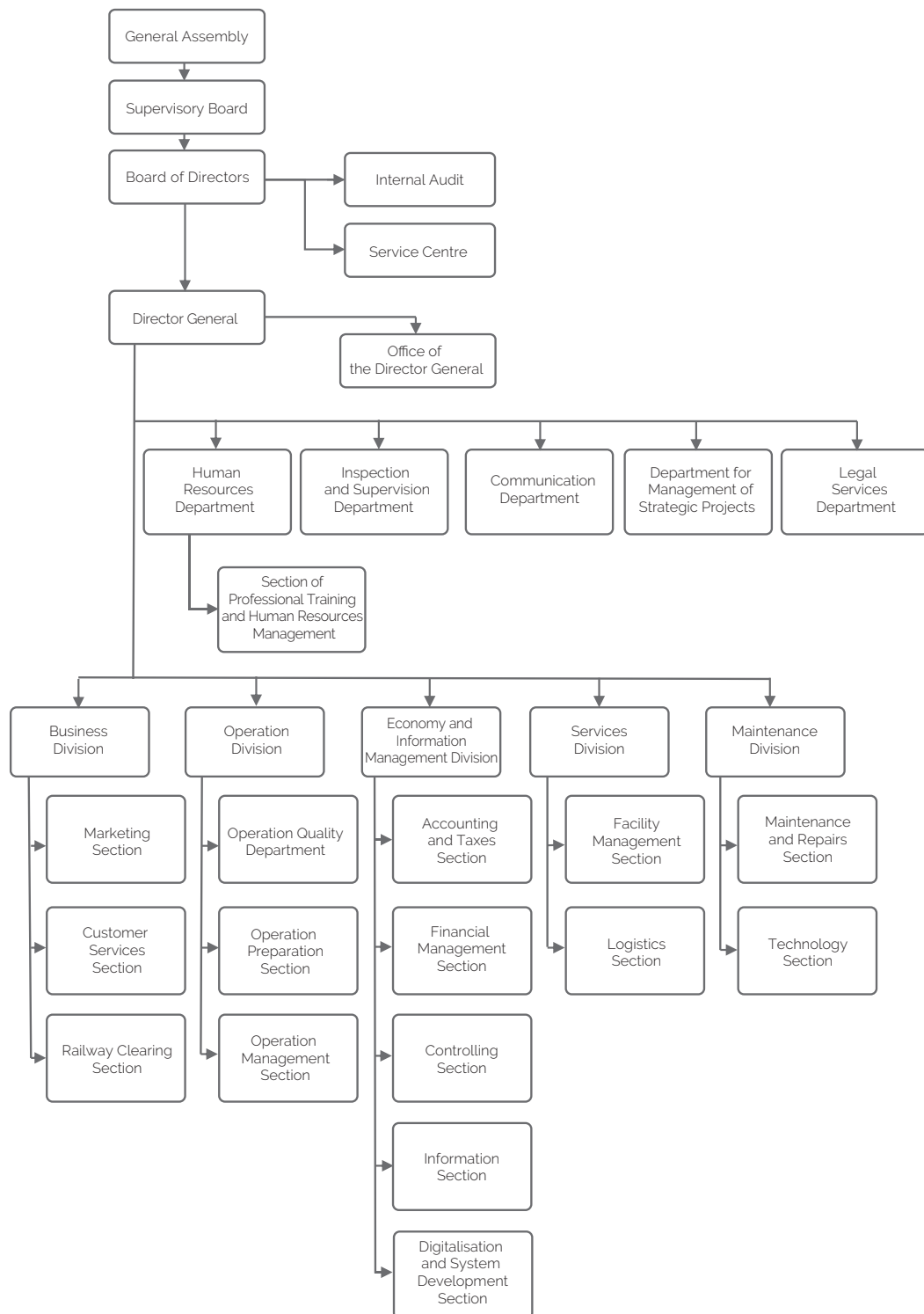
Total number of initial and repeated claims received in 2018:	6,995
● number of overall justified (customers') claims	3,163
● of which number of claims with external justification	85
● of which number of claims with internal justification	3,078
Form of delivery:	
● letter, Requests and complaints book, other document	1,211
● electronic claims	5,556
● indirect claims, media	228
Number of claims by their subject and reasons:	
Comfort – travelling standard - cleanliness on-board train sets, heating, air-conditioning, functioning of toilets, other technical shortcomings - doors, windows, seats, train formation, services provided by WGS	1,780
Time – delays due to exclusion of traffic on rail infrastructure, train delay due to a locomotive fault, delay – missed connecting service	1,583
Customer care – behaviour of employees towards customers	958
Appreciation for employees of the company	
Availability of travel documents – at cash desks, higher frequency, other sale channels, internet sale of tickets, passengers with reduced mobility	650
Safety – threats to safety of railway transport, criminal activity and health protection within railway infrastructure (at railway stations, on board of trains)	322
Information – travel information provided in general, during accidents and extraordinary situations	197
Other	1,143

Shortcomings resulting from justified claims were discussed between the responsible employees and their superiors, and the following measures were taken in proven cases of violated work obligations:

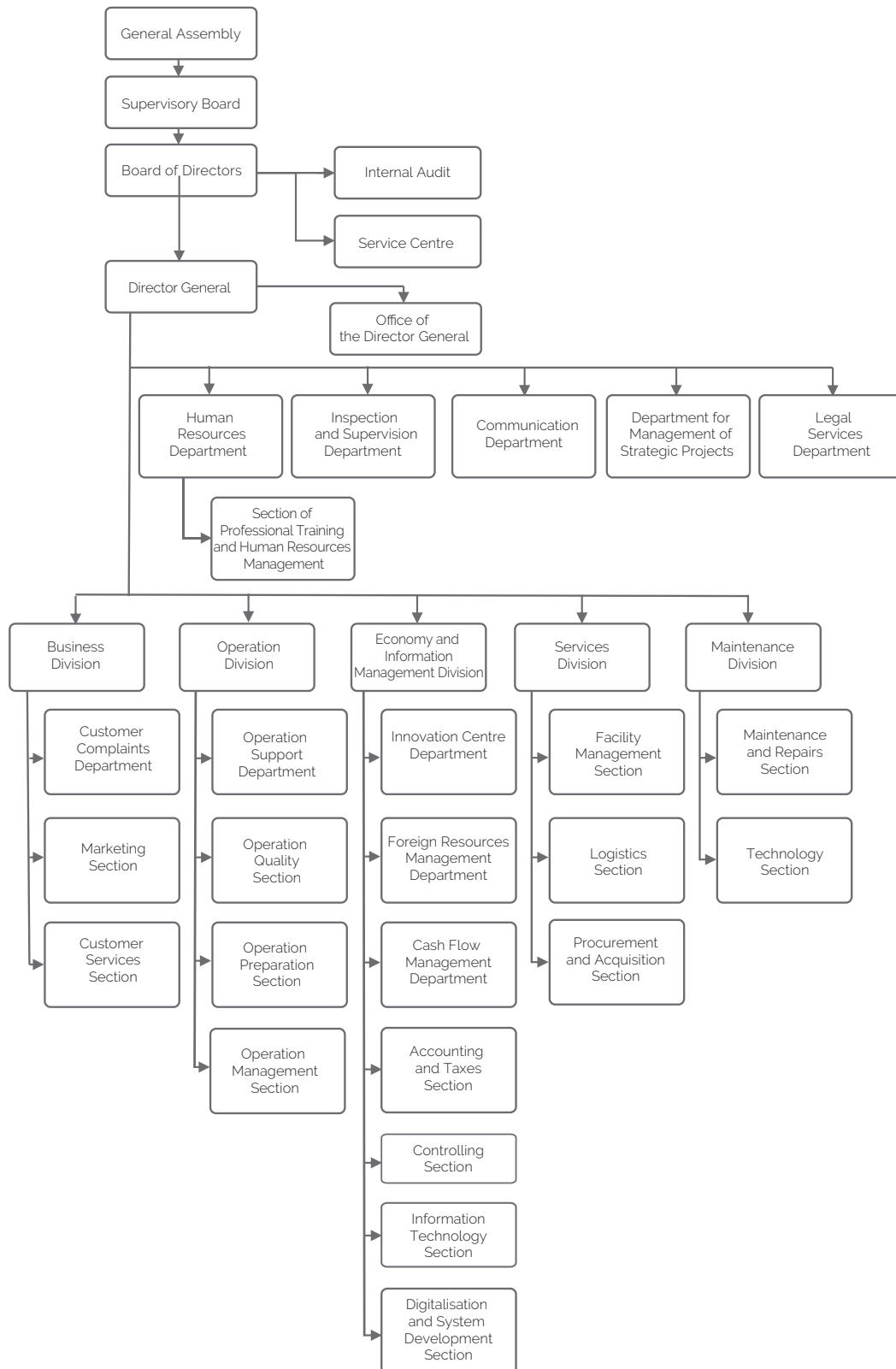
- measures under labour law (lower bonuses, an interview, an interview with possibility of a dismissal notice),
- organisational measures (increased inspections, instructions at regular trainings, extraordinary tests in serious cases).

In case of justified claims that were not caused by ZSSK, the Company provided refunding, payment of incurred costs, or enforcement was cancelled, and "Train Journey as a Gift" vouchers were presented to customers. The Company management decided to compensate the damage to the train customers in one case, paid by the Company management.

ORGANISATIONAL STRUCTURE OF ZSSK as on 1 January 2018



ORGANISATIONAL STRUCTURE OF ZSSK as on 31 December 2018



ORGANISATIONAL UNITS

ZSSK has no organisational units.

LIST OF USED ABBREVIATIONS

BCC	Bureau Central de Clearing, s. c.r.l. Brusel
Coll.	Collection of Laws
DMU	Diesel multiple unit
EU	European Union
EMU	Electric multiple unit
IC trains	Intercity commercial trains
IMS	Integrated Management System
IS	Information system
ISO norms	Quality norms
MTC SR	Ministry of Transport and Construction of the Slovak Republic
ME SR	Ministry of the Environment of the Slovak Republic
NRFC	Non-repayable financial contribution
OHS	Occupational health and safety
OHSAS norms	Norms for occupational health and safety
PSC	Public service contract
R	Fast train
RS	Rolling stock
ÚRŽD	Railway Regulatory Authority
WSG	Wagon Slovakia (couchette and berth coaches)
ZSSK	Železničná spoločnosť Slovensko, a.s.
ZSSK CARGO	Železničná spoločnosť Cargo Slovakia, a.s.
ŽSR	Železnice Slovenskej republiky


Delegate of ZSSK at the International Union of Railways (UIC) in Paris:

Ing. Jozef FÁZIK

Chargé de Mission

UIC Union Internationale des Chemins d fer
Internationaler Eisenbahnverband
International Union of Railways

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**AN INDEPENDENT AUDITOR'S REPORT to the Separate Financial
Statements as on 31 December 2018**



Nezávislý člen Moore Stephens International Limited

SPRÁVA NEZÁVISLÉHO AUDÍTORA

z auditu účtovnej závierky

a

Správa k ďalším požiadavkám zákonov a iných právnych predpisov

pre akciovú spoločnosť

Železničná spoločnosť Slovensko, a.s.

Bratislava

za rok 2018

BDR

SPRÁVA NEZÁVISLÉHO AUDÍTORA

Pre akcionárov spoločnosti Železničná spoločnosť Slovensko, a.s. Bratislava

Správa z auditu účtovnej závierky

Názor

Uskutočnili sme audit priloženej individuálnej účtovnej závierky spoločnosti Železničná spoločnosť Slovensko, a.s. so sídlom v Bratislave, IČO: 35 914 939, ktorá obsahuje výkaz finančnej pozície k 31. decembru 2018, výkaz komplexného výsledku, výkaz zmien vo vlastnom imaní, výkaz peňažných tokov za rok končiaci k uvedenému dátumu, a poznámky k účtovnej závierke, ktoré obsahujú súhrn významných účtovných zásad a účtovných metód a ďalšie vysvetľujúce informácie.

Podľa nášho názoru priložená účtovná závierka poskytuje pravdivý a verný obraz finančnej situácie spoločnosti Železničná spoločnosť Slovensko, a.s. k 31. decembru 2018 a výsledku jej hospodárenia za rok končiaci k uvedenému dátumu v súlade s Medzinárodnými štandardami pre finančné výkazníctvo v znení prijatom Európskou úniou.

Základ pre názor

Audit sme vykonali podľa medzinárodných audítorských štandardov (International Standards on Auditing - ISA). Naša zodpovednosť podľa týchto štandardov je uvedená v odseku Zodpovednosť audítora za audit účtovnej závierky. Od Spoločnosti sme nezávislí podľa ustanovení zákona č. 423/2015 Z. z. o štatutárnom audite a o zmene a doplnení zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov (ďalej len „zákon o štatutárnom audite“) týkajúcich sa etiky, vrátane Etického kódexu audítora, relevantných pre náš audit účtovnej závierky a splnili sme aj ostatné požiadavky týchto ustanovení týkajúcich sa etiky. Sme presvedčení, že audítorské dôkazy, ktoré sme získali, poskytujú dostatočný a vhodný základ pre náš názor.

Zdôraznenie niektorých skutočností

1. Ako je uvedené v Poznámke č. 22 priloženej účtovnej závierky, na základe Protokolu o vyhodnotení plnenia Zmluvy o dopravných službách vo verejnom záujme za rok 2017 zo dňa 7.8.2018 bola zo strany Ministerstva dopravy a výstavby uznaná pohľadávka ZSSK za úhradu strát roku 2017, splatná 31.12.2019, ktorá je zaúčtovaná vo výnosoch roku 2018 vo výške 38 129 tis. EUR. Na základe vzájomného odsúhlasenia vzťahov medzi Ministerstvom dopravy a výstavby SR a ZSSK bol v roku 2018 Ministerstvom dopravy a výstavby SR odsúhlasený dohad na neuhradenú stratu za výkony vo verejnom záujme za rok 2018, ktorý je zaúčtovaný vo výnosoch roku 2018 vo výške 37 370 tis. EUR. Doučtovanie výnosov podľa skutočností bude vykonané v I. polroku 2019.
2. Ako je uvedené v Poznámke č.2.3. a č.15 priloženej účtovnej závierky, Spoločnosť má dlhodobý hmotný majetok, ku ktorému boli v súlade s IAS 37 vytvorené v minulých účtovných obdobiach rezervy na environmentálne záťaž. K 31.12.2018 bola výška rezervy posúdená a je vo výške 364 tis. EUR na základe zostávajúcich povinností ekologického charakteru, ktoré vyplývajú Spoločnosti v zmysle platnej legislatívy SR. Spoločnosť uskutočňuje odhady budúcich peňažných tokov, súvisiacich s environmentálnymi záväzkami pomocou porovnávania cien, použitím analógií s podobnými aktivitami v minulosti a inými odhadmi. Výška rezervy a predpoklady, na základe ktorých bola daná rezerva vypočítaná, sa prehodnocujú na ročnej báze vždy k súvahovému dňu. Hoci tieto odhady sú založené na najlepšom poznaní aktuálnych udalostí a postupov, skutočné výsledky sa môžu od týchto odhadov líšiť.
3. Ako je uvedené v Poznámke č.2.3 a č.15 priloženej účtovnej závierky, Spoločnosť vykazuje rezervy na súdne spory týkajúce sa viacerých právnych nárokov. Najvýznamnejšia rezerva k 31.12. 2018 vo výške 16,7 mil.

EUR je vzhľadom na neistý výsledok na pasívny obchodno-právny spor s navrhovateľom so spoločnosťou LANCILLON LIMITED vo veci náhrady ušlého zisku z dôvodu zmarenia rekonštrukcie ŽKV. Rozdiel v celkovej výške požadovanej náhrady Spoločnosť naďalej vykazuje ako podmienený záväzok. Ako je uvedené v Poznámke č.16 b) priloženej účtovnej závierky (Podmienené záväzky), voči Spoločnosti je v tejto veci vedený súdny spor o náhradu škody vo výške 51 752 tis. EUR s príslušenstvom. Manažment Spoločnosti na základe vypracovanej právnej analýzy predpokladá, že žaloba je neodôvodnená, pretože dodávateľ (navrhovateľ) nedodržiava zmluvné povinnosti z jednotlivých zmlúv. Rozsudkom zo dňa 16.4.2018 Okresný súd Bratislava III žalobu zamietol v celom rozsahu. Rozsudok nie je právoplatný. Hoci tieto odhady sú založené na najlepšom poznaní aktuálnych udalostí a postupov, skutočné výsledky sa môžu od týchto odhadov líšiť. Spoločnosť využíva služby aj externých právnych poradcov a skúsenosti z podobných predchádzajúcich súdnych konaní na určenie pravdepodobných výsledkov sporov a potreby tvorby rezervy.

Zodpovednosť štatutárneho orgánu za účtovní závierku

Štatutárny orgán účtovnej jednotky Železničná spoločnosť Slovensko, a.s. je zodpovedný za zostavenie tejto účtovnej závierky tak, aby poskytovala pravdivý a verný obraz podľa zákona o účtovníctve a za tie interné kontroly, ktoré považuje za potrebné na zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávosti, či už v dôsledku podvodu alebo chyby.

Pri zostavovaní účtovnej závierky je štatutárny orgán zodpovedný za zhodnotenie schopnosti Spoločnosti nepretržite pokračovať vo svojej činnosti, za opísanie skutočností týkajúcich sa nepretržitého pokračovania v činnosti, ak je to potrebné, a za použitie predpokladu nepretržitého pokračovania v činnosti v účtovníctve, ibaže by mal v úmysle Spoločnosť zlikvidovať alebo ukončiť jej činnosť, alebo by nemal inú realistickú možnosť než tak urobiť.

Zodpovednosť audítora za audit účtovnej závierky

Našou zodpovednosťou je získať primerané uistenie, či účtovná závierka ako celok neobsahuje významné nesprávosti, či už v dôsledku podvodu alebo chyby, a vydať správu audítora, vrátane názoru. Primerané uistenie je uistenie vysokého stupňa, ale nie je zárukou toho, že audit vykonaný podľa medzinárodných auditorských štandardov vždy odhalí významné nesprávosti, ak také existujú. Nesprávosti môžu vzniknúť v dôsledku podvodu alebo chyby a za významné sa považujú vtedy, ak by sa dalo odôvodnene očakávať, že jednotlivé alebo v súhrne by mohli ovplyvniť ekonomické rozhodnutia používateľov, uskutočnené na základe tejto účtovnej závierky.

V rámci auditu uskutočneného podľa medzinárodných auditorských štandardov, počas celého auditu uplatňujeme odborný úsudok a zachovávame profesionálny skepticizmus. Okrem toho:

- Identifikujeme a posudzujeme riziká významnej nesprávosti účtovnej závierky, či už v dôsledku podvodu alebo chyby, navrhujeme a uskutočňujeme auditorské postupy reagujúce na tieto riziká a získavame auditorské dôkazy, ktoré sú dostatočné a vhodné na poskytnutie základu pre náš názor. Riziko neodhalenia významnej nesprávosti v dôsledku podvodu je vyššie ako toto riziko v dôsledku chyby, pretože podvod môže zahŕňať tajnú dohodu, falšovanie, úmyselné vynechanie, nepravdivé vyhlásenie alebo obídenie internej kontroly.
- Oboznamujeme sa s internými kontrolami relevantnými pre audit, aby sme mohli navrhnúť auditorské postupy vhodné za daných okolností, ale nie za účelom vyjadrenia názoru na efektívnosť interných kontrol Spoločnosti.
- Hodnotíme vhodnosť použitých účtovných zásad a účtovných metód a primeranosť účtovných odhadov a uvedenie s nimi súvisiacich informácií, uskutočnené štatutárnym orgánom.
- Robíme záver o tom, či štatutárny orgán vhodne v účtovníctve používa predpoklad nepretržitého pokračovania v činnosti a na základe získaných auditorských dôkazov záver o tom, či existuje významná neistota v súvislosti s udalosťami alebo okolnosťami, ktoré by mohli významne pochybníť schopnosť Spoločnosti nepretržite pokračovať v činnosti. Ak dospejeme k záveru, že významná neistota existuje, sme povinní upozorniť v našej správe audítora na súvisiace informácie uvedené v účtovnej závierke alebo, ak sú tieto informácie nedostatočné, modifikovať náš názor. Naše závery vychádzajú z auditorských dôkazov získaných do dátumu vydania našej správy audítora. Budúce udalosti alebo okolnosti však môžu spôsobiť, že spoločnosť prestane pokračovať v nepretržitej činnosti.
- Hodnotíme celkovú prezentáciu, štruktúru a obsah účtovnej závierky vrátane informácií v nej uvedených, ako aj to, či účtovná závierka zachytáva uskutočnené transakcie a udalosti spôsobom, ktorý vedie k ich vernému zobrazeniu.

Správa k ďalším požiadavkám zákonov a iných právnych predpisov*Správa k informáciám, ktoré sa uvádzajú vo výročnej správe*

Štatutárny orgán je zodpovedný za informácie uvedené vo výročnej správe, zostavenej podľa požiadaviek zákona o účtovníctve. Náš vyššie uvedený názor na účtovnú závierku sa nevzťahuje na iné informácie vo výročnej správe. V súvislosti s auditom účtovnej závierky je našou zodpovednosťou oboznámenie sa s informáciami uvedenými vo výročnej správe a posúdenie, či tieto informácie nie sú vo významnom nesúlade s auditovanou účtovnou závierkou alebo našimi poznatkami, ktoré sme získali počas auditu účtovnej závierky, alebo sa inak zdajú byť významne nesprávne.

Výročnú správu sme ku dňu vydania správy audítora z auditu účtovnej závierky nemali k dispozícii.

Keď získame výročnú správu, posúdime, či výročná správa Spoločnosti obsahuje informácie, ktorých uvedenie vyžaduje zákon o účtovníctve, a na základe prác vykonaných počas auditu účtovnej závierky, vyjadríme názor, či:

- informácie uvedené vo výročnej správe zostavenej za rok 2018 sú v súlade s účtovnou závierkou za daný rok,
- výročná správa obsahuje informácie podľa zákona o účtovníctve.

Okrem toho uvedieme, či sme zistili významné nesprávnosti vo výročnej správe na základe našich poznatkov o účtovnej jednotke a situácii v nej, ktoré sme získali počas auditu účtovnej závierky.

Banská Bystrica, 28. februára 2019

BDR, spol. s r.o. Banská Bystrica
M. M. Hodžu 3, 974 01 Banská Bystrica
Licencia SKAU č. 6
Obchodný register Okresného súdu Banská Bystrica
Oddiel: Sro, Vložka číslo: 98/S, IČO: 00614556
Nezávislý člen Moore Stephens International Limited

Ing. Miroslav Čiampor
Kľúčový auditorský partner
licencia UDVA č. 1068



**AN INDEPENDENT AUDITOR'S REPORT to the Separate Financial
Statements as on 31 December 2018**

BDR

Independent Member of Moore Stephens International Limited

INDEPENDENT AUDITOR'S REPORT

**concerning the audit of the Financial Statements
and
Report on further requirements of the law and other legal
regulations**

for the joint-stock company

**Železničná spoločnosť Slovensko, a.s.
Bratislava**

2018

BDR

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Železničná spoločnosť Slovensko, a.s. Bratislava

Report on the Financial Statements audit

Opinion

We have audited the annexed Separate Financial Statements of Železničná spoločnosť Slovensko, a.s. with the registered seat in Bratislava, company ID no.: 35 914 939, containing the Statement of Financial Position as on 31 December 2018, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow for the year ended on the same date, and Notes to the Financial Statements expressing the summation of significant accounting principles and accounting methods, and further explanations.

In our opinion, the annexed Financial Statements present a faithful and objective overview of the financial situation of Železničná spoločnosť Slovensko, a.s. as on 31 December 2018, as well as the economic results for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Background to the Opinion

We conducted the audit pursuant to the International Standards on Auditing (ISA). Our responsibility according to these Standards is stipulated under the paragraph on the Auditor's responsibility concerning the audit of the financial statements. We are independent of the Company in terms of the provisions of Act no. 423/2015 on Statutory Audit and on Amendments and Supplements to Act No. 431/2002 Coll. on Accounting, as amended (hereinafter only the "Statutory Audit Act") concerning the ethics, including the Auditor's Code of Ethics, relevant to our audit of the financial statements. We also met other ethical requirements of these provisions. We believe that the obtained auditing evidence provides sufficient and suitable basis for our opinion.

Emphasis on certain facts

1. As stated in Note no. 22 to the annexed Financial Statements, based on the Protocol on evaluation of fulfilment of the public service contract for 2017 of 7 August 2018, the Ministry of Transport and Construction accepted the receivable of ZSSK for compensation of loss of 2017, payable on 31 December 2019 that is reported in the income of 2018 in the amount of EUR 38,129 thousand. Based on mutual agreement on relationship between the Ministry of Transport and Construction of the Slovak Republic and ZSSK, in 2018 the Ministry of Transport and Construction approved of the estimated unpaid loss from services in public interests in 2018 that is reported in the income of 2018 in the amount of EUR 37,370 thousand. Subsequent recognition of income according to the actual figures will be carried out in the first half of 2019.
2. As stated in Notes no. 2.3 and no. 15 to the annexed Financial Statements, the Company owns long-term tangible assets, for which reserves on environmental burden were created in the past reporting periods in compliance with IAS 37. As on 31 December 2018 the reserve was assessed in the amount of EUR 364 thousand based on the remaining obligations of ecological nature imposed on the Company in terms of the effective Slovak legislation. The Company estimates future cash flows related to environmental liabilities via price comparisons, analogies with similar past activities and other estimates. The reserve amount

and the basis for the reserve calculation are revaluated on an annual basis, always on the date of the balance. Even if these estimates are based on the best knowledge of current events and procedures, the actual results may differ from these estimates.

3. As stated in Notes no. 2.3 and no. 15 to the annexed Financial Statements, the Company reports reserves on lawsuits concerning several legal claims. As on 31 December 2018, the most significant reserve in the amount of EUR 16.7 million concerned an uncertain result of a passive commercial and legal lawsuit with the complainant, the company LANCILLON LIMITED, as regards compensation of lost profit due to failed reconstruction of the rolling stock. The Company continues to report the difference in the total claimed compensation as a contingent liability. As stated in Note no. 16 b) of the annexed Financial Statements (Contingent Liabilities), the Company is a defendant in a law-suit in this matter concerning compensations in the amount of EUR 51,752 thousand with interests. Based on a legal analysis, the Company management assumes that the complaint is unjustified as the supplier (the complainant) did not meet the contractual obligations stemming from individual contracts. In its decision of 16 April 2018, the District Court of Bratislava III refused the complaint in its full scope. The decision is not final yet. Even if these estimates are based on the best knowledge of current events and procedures, the actual results may differ from these estimates. The Company makes use also of services of external legal advisors and experience from similar previous lawsuits to determine the probable results of lawsuits and the need to create a reserve.

Responsibility of the Statutory Body for the Financial Statements

The Statutory Body of the reporting entity – Železničná spoločnosť Slovensko, a.s. - is responsible for elaboration of these Financial Statements so as to provide an objective and truthful presentation in compliance with the Accounting Act, as well as for the internal control it considers necessary to elaborate the Financial Statements without any material inconsistencies whether due to fraud or mistake.

When preparing the Financial Statements, the Statutory Body is responsible for assessment of the Company's ability to continue as a going concern, for description of the facts relevant to continue as a going concern if necessary, and for applying the going concern assumption to the accounting, unless it intends to dissolve the Company or to end its activities, or there would be no other realistic option other than doing so.

Responsibility of the Auditor for the audit of the Financial Statements

It is our responsibility to acquire reasonable assurance that the Financial Statements as such do not contain material inconsistencies, whether due to fraud or mistake, and to issue the Auditor's Report, including its opinion. A reasonable assurance is assurance of a high degree, however, it is not a guarantee that the audit conducted pursuant to the International Standards on Auditing must always disclose material inconsistencies, if any. Inconsistencies might occur due to fraud or mistake and are considered significant if there is a reasoned assumption that, individually or in total, they could affect the economic decisions of the users based on these Financial Statements.

Professional judgement is applied and professional scepticism is maintained within the audit carried out pursuant to the International Standards on Auditing and throughout the whole audit. Besides:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or mistake, propose and apply auditing procedures reacting to these risks, and acquire auditing evidence that is sufficient and adequate to provide a basis for our opinion. The risk of not discovering a material misstatement due to fraud is higher than such a risk due to mistake as fraud might include a secret agreement, falsification, deliberate omission, false statement or evasion of an internal control.
- We learn about the internal controls relevant for the audit so as to be able to propose auditing procedures suitable for the respective circumstances, however, not with the purpose of expressing an opinion on efficiency of the Company's internal controls.
- We assess appropriateness of the used accounting principles and accounting methods and

adequacy of the accounting estimates and presentation of the related information as carried out by the Statutory Body.

- We conclude whether the Statutory Body makes an appropriate use of the going concern assumption in its accounting and, based on the obtained auditing evidence, we conclude whether there is a material uncertainty related to events or circumstances that could significantly affect the ability of the Company to continue as a going concern. If we conclude that there is such material uncertainty, we are obliged to draw the attention within the Auditor's Report to the relevant information presented in the Financial Statements or, if the information is insufficient, to modify our opinion. Our conclusions are based on auditing evidence obtained by the date of issuance of our Auditor's Report. Any future events or circumstances, however, can cause the Company to cease its continuation as a going concern.
- We assess the overall presentation, structure and content of the Financial Statements, including the presented information, as well as the fact whether the Financial Statements present the carried-out transactions and events in a way leading to their truthful presentation.

Report on further requirements imposed by law and other legal regulations

Report on the information presented in the Annual Report

The Statutory Body is responsible for the information presented in the Annual Report prepared pursuant to the requirements of the Accounting Act. Our opinion above on the Financial Statement does not apply to other information in the Annual Report.

In respect of the financial statements audit, it is our responsibility to get familiar with the information presented in the Annual Report and to assess whether the information is not in material inconsistency with the audited Financial Statements or our knowledge as obtained during the audit of the Financial Statements, or seem otherwise incorrect.

The Annual Report was not available at the date of issuing our Auditor's Report on the Financial Statements audit.

When we obtain the Annual Report, we will assess whether the Company's Annual Report contains information as required by the Accounting Act and, based on the findings obtained during the audit of the Financial Statements, we will express our opinion on whether:

- the information presented in the Annual Report for 2018 is consistent with the Financial Statements for the same year,
- the Annual Report contains the information in compliance with the Accounting Act.

Besides, based on our knowledge of the accounting entity and its situation obtained during the audit of the Financial Statements, we will state whether we discovered any material misstatements in the Annual Report.

In Banská Bystrica, 28 February 2019

BDR, spol. s r.o. Banská Bystrica

M.M.Hodžu 3, 974 01 Banská Bystrica

SKAu Licence no. 6

Companies' Register of the District Court of Banská Bystrica

Section: Sro, Entry no.: 98/S, Company ID no.: 00614556

An independent member firm of Moore Stephens International Limited

Ing. Miroslav Čiampor

[signature in hand]

Key Audit Partner

UDVA Licence no. 1068

ANNEX – Separate Financial Statements of ZSSK for 2018

The Annual Report is annexed with the Separate Financial Statements of ZSSK reported pursuant to the International Financial Reporting Standards as on 31 December 2018.



Železničná spoločnosť Slovensko, a. s.
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